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THE IMPACT OF PROCUREMENT INCENTIVES ON EMPLOYEE'S  
LOYALTY AND PERFORMANCE



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## Abstract:

One of the major factors in employee's loyalty and performance towards his/her organization in the procurement industry depends upon incentives. This study intends to link the role of incentives in ensuring employee's loyalty towards his/her employer. The research goes through all relevant literature available to assess the possible causes of incentives in the relevant industry and its implications on the employee's loyalty.

Transactional cost economics model (TCE) further relates the incentives in procurement. Furthermore, the research goes through a quantitative data analysis that comprises of the triple constraint in procurement which includes cost, time and quality. Stakeholder's involved in procurement process are buying and the selling firms along with the individual employees representing both the buyer and seller respectively. Employee representing the seller is left out of incentives in general and that is what the study is based upon. Organizational culture and values are deeply linked with how it treats its employees by creating incentives policies through formulation of key performance indicators (KPIs). The research population includes procurement individuals of the IT industry based in Islamabad and Rawalpindi IT sector.

Data analysis used is regression analysis that involves triple constraints cost, time and quality as independent variables while employee's loyalty and performance is dependent upon the independent variables. Methodology for data collection used is research questionnaire. Results of the research in time being the most significant variable on which the incentives shall be based upon this particular variable according to the research. The research further provides recommendations and implications for procurement processes and linking them to incentives based upon the devised results from the quantitative research.